



## **Downtown Center Business Improvement District**

### **BOARD OF DIRECTORS MEETING AND RETREAT MINUTES September 17, 2009**

#### **Board of Directors**

Robert Cushman, David Damus, Kathy Faulk, Frank Frallicciardi, John Goldrick, Jeffrey Griswold, Robert Hanasab, Kent Handleman, Anne Peaks, Pekar Pilavjian, Carol E. Schatz, Patrick Spillane, Daniel B. Swartz, Cari Wolk

#### **Absent**

Sonny Astani, Barbara Bundy, Steve Hathaway, Sandy Nam, Colin Shepherd, Josh Wrobel, Peter Zen

#### **Staff**

Hal Bastian, Michael Clark, Jacob Holloway, Connie Hwang, Aleeza Miller, Ken Nakano, Herman Pang, Alexander Stettinski, Justin Weiss

#### **CALL TO ORDER**

Spillane called the meeting to order at 9:10 a.m. and a quorum was reached at 9:12 a.m.

#### **PROPERTY OWNER/PUBLIC COMMENT PERIOD ON AGENDA ITEMS**

Spillane opened the meeting to the public for comments, in which there were none.

#### **PRESIDENT'S REPORT**

Schatz reported:

The Downtown Retail Task Force has convened to develop a retail strategy for the DCBID. The focus remains on retail, and a consultant will be hired in the near future.

Bastian, Nakano, and Stettinski attended the last IDA conference in Milwaukee, where Nakano and LAPD Captain Blake Chow served on a panel regarding best practices in Downtown Los Angeles. The DCBID also won an award for the 2008 Downtown Demographic Survey.

The Marketing Department ran a Restaurant Promotion campaign beginning in August, placing ads in various publications and on various websites. The campaign is believed to be successful, as one restaurant reported a

30-40% increase in business since the campaign started, and website traffic increased steadily during August, especially for the restaurant landing pages.

Schatz and Michael Clark are currently negotiating the Historic Downtown Business Improvement District (HDBID) contract, which includes the Safe & Clean team, financial services, and administrative support. The Finance Committee of HDBID has been investigating the costs of operating their BID independently from the DCBID, operating through another BID, contracting directly with vendors and service providers, as well as a potential combination of these. Negative feedback was given by DCBID Board Members regarding the HDBID operating independently, and they expressed fears about letting it go and having the consequences reflect poorly on all of Downtown. A suggestion was made to have the Executive Committees of both the DCBID and the HDBID meet to discuss the proposed contract. The Board Members were in agreement, and scheduling of the meeting will be coordinated.

Schatz reminded the Board Members that the Public Safety Appreciation Barbeque is scheduled for Friday, October 16 and \$500 sponsorships would be greatly appreciated.

The appointment of Millage Peaks as Los Angeles City Fire Chief was announced, and a welcome reception will be planned. Peklar and Damus offered to help sponsor the reception. Additionally, Chief Hill would like to meet quarterly with the DCBID Board of Directors to address any issues.

Schatz announced Central City Association's push for development reform during this economic downturn and requested feedback from the Board Members regarding feasible, short-term changes that could be made to encourage development and business growth in Los Angeles.

## **ACTION ITEMS**

A motion was made to nominate David Shahriari, from the Omni Hotel, and Susann Ventzke, from Beacon Capital Partners, to the DCBID Board of Directors. The motion was seconded and approved.

The minutes were reviewed, and after a minor change was made to the list of absent Board Members, a motion was made, seconded, and approved to accept the minutes from the meeting on July 8, 2009.

## **COMMITTEE REPORTS:**

### **FINANCE**

Clark reported:

The total net assets are approximately \$4.2 million. The department is working on getting as much return as possible from the excess cash. Revenues exceed expenses by over \$2 million and current assets over liabilities totals approximately \$3 million.

Due to new rules from the IRS, the Board needs to review and approve the BID's tax return, which is why it was included in the Board Book. A motion to approve the 2008 tax return was made, seconded, and approved.

A motion to approve the June 30, 2009 financial statements was made, seconded, and approved.

A motion to approve the July 31, 2009 financial statements was made, seconded, and approved.

## **2009 DCBID BUDGET REFORECAST**

- Assumptions in Support of Budget Revisions
  - The DCBID has been able to rely on a steady and dependable source of revenues to fund its operations.
  - We have actually seen a slight increase in revenues, as projects that have been planned became fully functional, and their square footage is assessed.

- An adjustment of scheduled services and programs is necessary to address changes in programmatic content properly. Some of the programs should be beefed up in response to the unprecedented economic downturn. We need to continue the economic momentum the DCBID has previously created during this significant economic downturn of unknown duration.
- Operations Budget Revision
  - Recommended Changes to the 2009 Budget
    - All recommendations are made taking into consideration the budget for the remainder of the year and excess funding which has not been spent for particular line items earlier in 2009, due primarily to understaffing issues and cancelled or deferred programs.
  - Safety
    - There are no additional expenses expected for 2009, other than what has already been budgeted. However, in 2010 we will be asking the Board to consider a different pay structure to better compete with other security sectors, enabling us to recruit and retain a higher quality of staff.
  - Maintenance
    - There are no additional expenses expected for 2009. However, we are monitoring the City's progress in catching up on some tree trimming and landscaping projects that have been deferred. Although we have seen some recent progress in this area, we may need to devote additional resources to this area in 2010.
  - Community Service (BID ACTION)
    - There was significant understaffing in this area for the first four months of 2009, due to delays by our contracted services firm in providing suitable personnel. This staffing shortage has been rectified, but we still project to spend a total of \$35,000 less in staffing in this area than originally budgeted.
    - Related to the earlier staffing shortfall, supply costs for this area are expected to be \$5,000 less than budgeted.
  - Summary of Public Safety Budget
    - Original Budget = \$1,999,000
    - Reductions (based on experience to date and expectations for the rest of the year):
      - Contract Workers = (\$80,000)
      - Depreciation Expense = (\$25,000)
      - Security Equipment = (\$14,000)
    - Reforecast Budget = \$1,880,000
  - Summary of Maintenance Budget
    - Original Budget = \$1,165,000
    - Additions:
      - Trash Disposal Fees = \$14,000
    - Reductions (based on experience to date and expectations for the rest of the year):
      - Contract Workers = (\$54,000)
      - Vehicle Expenses = (\$8,000)
    - Reforecast Budget = \$1,117,000
  - Summary of Community Service (BID Action) Budget
    - Original Budget = \$155,000
    - Reductions (based on experience to date and expectations for the rest of the year):
      - Social Worker Staffing = (\$21,000)
      - Security Staffing = (\$14,000)
      - Miscellaneous Supplies = (\$5,000)
    - Reforecast Budget = \$115,000
- Economic Development Budget Revision
  - Original Budget = \$841,000
  - Proposed Additions to 2009 Budget:
    - \$65,000 for the Downtown Restaurant Promotion Program (already approved by the Executive Committee)
    - \$22,000 for the Join Us! Downtown Brochure (12-page brochure used to recruit office tenants, retailers, restaurants, amenities, residents, investors, and developers)
    - \$10,000 addition to hire a retail consultant (retainer payment for the cost of the project)
  - Proposed Reductions to 2009 Budget:
    - (\$100,000) for Asia trip

- (\$50,000) for Downtown LA Open House
  - (\$15,000) for a pedestrian count study
  - (\$5,000) for website management
  - (\$5,000) for sponsorships
  - Reforecast Budget = \$763,000
- Marketing Budget Revision
  - Original Budget = \$1,225,000
  - Proposed Additions to 2009 Budget:
    - \$25,000 for website (expenses rolled over from last year's scheduled budget due to project delays)
  - Proposed Reductions to 2009 Budget:
    - (\$30,000) for part-time staff member (due to changes in the economy, hiring was deferred until September 2009)
    - (\$19,000) for Public Relations (additional funds were not needed due to the cancellation of Downtown LA Open House and Asia trip)
    - (\$17,000) for event sponsorships (no sponsorship for St. Patrick's Day and Grand Avenue Festival)
    - (\$12,000) for general advertising
    - (\$10,000) for LA INC Convention Guide Piece
    - (\$10,000) for Mapquest service (due to new website)
    - (\$10,000) for office expenses
    - (\$8,000) for Downtown Welcome Bags
  - Reforecast Budget = \$1,134,000
- Administration & Finance Budget Revision
  - Original Budget = \$958,000
  - Proposed Additions to 2009 Budget:
    - \$19,000 for personnel salaries, taxes and benefits (due to larger salary increases than budgeted)
    - \$12,000 for placement fees (hiring of receptionist and CEO's administrative assistant were charged partially to DCBID, which were not budgeted)
  - Proposed Reductions to 2009 Budget:
    - (\$35,000) for computer supplies and maintenance, legal expenses, office supplies, and equipment rental
    - (\$10,000) for workmen's comp refund (refund of a prior year's workmen's comp deposit was recorded as a reduction expense in 2009)
  - Reforecast Budget = \$944,000

## **ECONOMIC DEVELOPMENT**

Bastian reported:

The restaurant retention program is in process.

The Third Annual Dog Day Afternoon was held on July 28, and there were 364 dogs and 708 people in attendance.

Justin Weiss is currently working on a proposed park on Spring Street.

There is an empty food facility in Pershing Square, and Justin Weiss and Dan Swartz are working on bringing in a tenant.

Planning is in process for the Downtown LA Programming Tour, which will be on November 10.

Housing tours continue to be standing room only.

## **MARKETING**

Stettinski reported:

The restaurant promotion campaign was launched in late July, which includes advertising, e-blasts, and prominent landing pages on downtownla.com. A gradual increase in visitors to the website since the launch of the campaign was seen, totaling over 8,000 visitors to the restaurant pages. 12,000 surveys were printed and distributed to the participating restaurants to gather feedback from the patrons. The results of the surveys will be available at the end of September.

The 10<sup>th</sup> Annual Public Safety Appreciation Barbeque is scheduled for Friday, October 16, from 11:00 a.m. to 2:00 p.m. at the plaza on 7<sup>th</sup> + FIG. Fundraising for the event is still in progress. Approximately \$17,000 was raised by the time of the retreat. The department is hoping to raise \$20,000 by the time of the barbeque.

The Summer Freedom campaign was very successful. One of the participating hotels reported over \$200,000 in revenue just from the Summer Freedom campaign. A promotional package was promoted solely through the Summer Freedom campaign, which is how the revenue was tracked.

The Grand Performances Summer Series 2009 was sponsored by the DCBID, which reported over 46,000 in attendance over the summer.

The Downtown Guides are well-liked by both businesses and visitors. A collection of testimonials with positive feedback has been compiled.

## **OPERATIONS**

Nakano reported:

On August 1, the DCBID Safety Officers were instrumental in helping police locate a murder suspect who had viciously attacked another transient during the early morning hours. Safety Officers were advised of the incident by a witness, who also led the Safety Officers to the suspect. LAPD was able to take the suspect into custody without incident.

On August 26 the LAPD hosted its annual LAPD BID Appreciation Luncheon and Recognition Awards. This year's recipients from the DCBID were Lieutenant Jason Deleo and Robert Flores.

The maintenance department continues to refurbish the district trash cans, with most of the cans along 7<sup>th</sup> Street, Figueroa, and Hill Street already completed.

Installation of the new communications system was completed in August. The new radio system has been a drastic improvement to the previous system, and feedback from the Safety Officers is that they feel safer with a more reliable system in place.

A follow-up with the insurance company to obtain approval is needed to begin patrols through Pershing Square.

## **OLD BUSINESS**

No old business was brought up.

## **NEW BUSINESS**

A request was made to create a list of the DCBID Board Members and the properties in the district each represents. Since every January is the vote for re-election of Board Members, the report will be prepared for release in January.

## RETREAT PRESENTATION

### Operations:

The 2010 goals for the Operations Department are:

- Expand programs to better deal with quality of life issues (i.e. develop partnerships with new homeless services through our BID ACTION Program).
- Focus on specialized training of staff dealing with mental health issues in the field and improve the quality of training of contract workers.
- Improve the functionality and technology in the service center for more efficient and environmentally-friendly operations, including the reduction of paper output by 30% and a better usage of space.
- Address street beautification issues, including tree trimming, planters and tree wells.

A comment was made regarding the extreme difficulty and cost to get permits from the City to trim trees. An request was made to use extra funds in the budget for extra cleaning.

### Economic Development:

The 2010 goals for the Economic Development Department are:

- Office
  - Continue outreach to the real estate brokerage community within and outside of Downtown L.A.
- Retail
  - Develop a new retail strategy that builds on our hospitality and housing successes.
  - Retain existing businesses that we have recruited.
  - Produce outreach and awareness programs for Downtown L.A. employees.
- Housing
  - Continue to attract both renters and buyers.
- Investors
  - Continue to be a “one-stop-shop” for data and information on the market.
  - Facilitate introductions to property owners and brokers.
- Community Building
  - Continue to build community among Downtown residents through events such as Second Saturdays: Downtowners’ Dinner Parties, the Annual Dog Day Afternoon at the Cathedral, and the Annual Halloween Party for Downtown L.A. kids.
  - Create an effective method to communicate with Downtown residents and workers.

A question was asked about private schools in Downtown. Harley Ellis Devereaux is the possibility. The Halloween event is a good function for gathering interest for families.

A comment was made that Downtown may lose Giant Village for New Year’s Eve. The Downtown community needs to focus on supporting and even facilitating events. Schatz reported that the L.A. Art Show will be held Downtown in January 2010 and will bring in Westside and other high-end residents. Cushman indicated that Brookfield Properties is hoping to host a car show on its property in 2010, similar to the car show it hosts in New York.

### Marketing:

The 2010 goals for the Marketing Department are to:

- Implement marketing campaigns to bring more people to Downtown.
- Provide support for economic development initiatives to help retain and attract businesses in this economy.
- Maintain and continue to refine a strong website as a powerful marketing tool and versatile communications portal, including social media.
- Continue to promote a more welcoming environment on the streets of Downtown through the Downtown Guides.
- Promote businesses in the area through the distribution of promotional materials by the Downtown Guides and online.

- Improve the perception of Downtown locally, regionally, and nationally through consistent media outreach and marketing campaigns (advertising and public relations).
- Continue to support special events that enhance the image of Downtown.
- Improve the line of communication with Downtown residents, workers, and visitors.

Comments were made regarding the high cost of operating a business in Southern California, which is a significant obstacle to office recruitment. Schatz suggested developing a plan that would be put into effect as the economy begins to recover. Bastian will get the office brokers together to discuss this possibility.

#### Administration & Finance:

The 2010 goals for the Administration & Finance Department are:

- Administration
  - Develop and consummate long-term occupancy plans for Service Center facilities.
  - Continue to increase participation in retirement and flexible spending plans to improve employee retention and lower employer tax liabilities.
  - Review all computer systems to ensure that we are up-to-date in terms of efficient operation and compliance with standard operating procedures for companies that are similar to ours.
- Finance
  - Fully automate bank and investment account look-up and transaction procedures to increase investment income and improve efficiency of Accounting Department.
  - Continue to train and delegate work regarding bank reconciliations, journal entries, report generation, and other functions amongst accounting personnel to improve cross-training and work flow in the department.

A question was raised about whether or not the money in the bank is insured. Clark assured the Board Members that the distribution of assets is done in such a way that all of the funds are insured.

#### **ADJOURNMENT**

The meeting was adjourned at 12:02 p.m.